Daffodil International University

Faculty of Business & Entrepreneurship

BBA Program

Course Code 0412- 416 **Course Title – Real Estate Finance & Investment**

Summer Semester - 2026 **Marks – 25** **Time – 1.5 Hours**

Q1. a) What is Title? *Name the three general methods of title assurance and briefly describe each. Which would you recommend to a friend purchasing a home? Why?*

b) What is a deficiency judgment and how is its value to a lender affected by the Bankruptcy Code?

3+3 = 6 marks

Q2. *a) How does discounting, as used in determining present value, relate to compounding, as used in determining future value? How would present value ever be used?*

b) An investor can make an investment in a real estate development and receive an expected cash return of $45,000 after six years. Based on a careful study of other investment alternatives, she believes that an 18 percent annual return compounded quarterly is a reasonable return to earn on this investment. How much should she pay for it today?

3+3 = 6 marks

Q3. a) Why is the market value of real estate determined partly by the lender's requirements and partly by the requirements of equity investors?

b) The expected net proceeds from the sale of property at the end of the third year are $300,000. Last year's NOI was $20,000. NOI is expected to grow at an annual rate of 5%. The capitalization rate is 9%. Compute the property's current economic value.

c) The cost basis for a property is $600,000. the projected NOI for next year is $30,000. NOI is expected to grow at a constant annual rate of 5% over time. The property is purchased using 75% debt and 25% equity. Cost of debt is 7.5% Compute the return on equity.

2+2 +2 =6 marks

Q4. ***a) Define amortization. What is a risk premium in the context of mortgage lending?***

b) You obtain loan from DBH amount of Tk. 4 Crore=, Interest Rate is 12%, Loan, Tenure 15 years, Payment System yearly – follow Constant Amortization Mortgage (CAM) methods:

Requirement-

a) **Prepare Payment Schedule**
b) **Find the loan at the end of 6th year**
c) **Find the total interest paid up to 5th year.**

3+4 = 7 marks